

Message Text

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C O N F I D E N T I A L CANBERRA 4588

E.O. 11652: GDS
TAGS: MARR, AS
SUBJ: CONTRACT OPERATION AT NAVCOMSTA HAROLD E. HOLT

REF: STATE 143115

1. SUMMARY: EMBASSY SYMPATHISES WITH USN DESIRE FOR FEASIBILITY STUDY OF CONVERSION TO CONTRACT O&M OPERATIONS AT NAVCOMSTA HAROLD E. HOLT, BUT RECOMMENDS DEFERRING ANY APPROACHES TO GOA FOR 4-6 WEEKS TO LET THE DUST SETTLE FROM THE RECENT FLAP OVER USN'S INSTALLATION OF SATELLITE GROUND RECEIVERS AT THE STATION.
END SUMMARY

2. THE US NAVY'S PROPOSAL TO CONVERT TO A CONTRACT O&M OPERATION AT NORTH WEST CAPE IS A SOUND ONE WITH WHICH WE AGREE IN PRINCIPLE, ALTHOUGH APPARENTLY FOR DIFFERENT REASONS. WE HAVE LONG FELT IT UNDESIRABLE FOR THE US NAVY TO BE DIRECTLY IN THE BUSINESS OF NEGOTIATING LABOR/WAGE/WORKING CONDITIONS AGREEMENTS WITH AUSTRALIAN UNIONS, AND SEE SOME ADVANTAGE IN GETTING A CONTRACTOR TO TAKE SOME OF THE FLAK. WE ARE NOT SURE WE BELIEVE IT WOULD NET ANY SAVINGS TO THE US NAVY, AUSTRALIAN WAGES BEING WHAT THEY ARE, BUT THE FEASIBILITY STUDY CAN LOOK INTO THAT, AND BUDGETING IS THE NAVY'S PROBLEM TO HANDLE AS IT SEES FIT.

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3. AS A GENERAL COMMENT, HOWEVER, WE NOTE THAT BY AUSTRALIAN LABOR STANDARDS THERE HAVE BEEN EXTRAORDINARILY GOOD INDUSTRIAL RELATIONS AT HAROLD E. HOLT -- A TRIBUTE TO GOOD MANAGEMENT ON THE PART OF SUCCESSIVE US NAVY STATION COMMANDERS, INCLUDING THE INCUMBENT. WE WONDER WHETHER STRIKE-PRONE AUSTRALIAN WORKERS WOULD BE AS WILLING TO KEEP THE PEACE IF THEY WERE WORKING FOR A CONTRACTOR.

NORTH WEST CAPE BEING AS ISOLATED AS IT IS, WITH NO CIVIL POLICE FORCE TO SPEAK OF, AND FAR FROM GOA AUTHORITY IN CANBERRA, WE BELIEVE THE NAVY WILL HAVE TO LOOK VERY CAREFULLY AT THE IMPLICATIONS FOR THE CONTINUED OPERATION OF THE STATION DURING A STRIKE BY A LABOR FORCE WHICH HAS THUS FAR BEEN SATISFIED WITH US NAVY LEADERSHIP, AND WHICH MIGHT BE MORE WILLING TO ENGAGE IN "INDUSTRIAL ACTION" UNDER A CONTRACT OPERATION.

4. FURTHERMORE, WE NEED TO KEEP IN MIND THE VERY REAL POLITICAL PROBLEM OF THE "VIABILITY" OF THE TOWN OF EXMOUTH, WHOSE VIABILITY IS MARGINAL RIGHT NOW, AFTER RECENT WORK-FORCE REDUCTIONS, BUT TO WHOSE VIABILITY THE GOA IS VERY MUCH COMMITTED. ANY US PROPOSAL TO REDUCE THE MANNING, INCLUDING BY UNIFORMED US NAVY PERSONNEL, IS CERTAIN TO BE VIEWED MOST SERIOUSLY BY THE GOA. WHILE THIS DOES NOT ARGUE AGAINST A FEASIBILITY STUDY, WE WILL HAVE TO BE PREPARED FOR THE POSSIBILITY THAT SUCH A SUGGESTION WILL LEAD ALMOST IMMEDIATELY TO INVOLVEMENT AT THE MINISTERIAL LEVEL HERE IN CANBERRA.

5. IN THIS CONNECTION, WE HOPE THE US NAVY IS THINKING IN TERMS OF AN "AUSTRALIAN" CONTRACTOR. WE BELIEVE IT WOULD BE EXTREMELY DIFFICULT TO SELL EITHER THE GOA (A/DOD) OR THE AUSTRALIAN LABOR UNIONS CURRENTLY INVOLVED ON A CONTRACT O&M OPERATION IF THERE WERE ANY HINT THAT

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WE WERE TALKING ABOUT A US CONTRACTOR OR US CONTRACT PERSONNEL.

6. WE BELIEVE WE HAVE TO ANTICIPATE THAT SUCH A CHANGEOVER WILL NOT NECESSARILY MAKE POSSIBLE ANY REDUCTION IN THE LABOR FORCE -- THAT AS A PRIOR CONDITION FOR AGREEMENT, AUSTRALIAN UNIONS CURRENTLY INVOLVED AT NORTH WEST CAPE, AND POSSIBLY THE GOA AS WELL, WILL INSIST UPON FIRM AGREEMENT ABOUT MANNING LEVELS, LEVELS THEY HAVE SEEN SUBSTANTIALLY REDUCED IN RECENT YEARS, AND LEVELS WE MAY WISH TO AVOID COMMITTING OURSELVES TO.

7. FINALLY, WITH RESPECT TO TIMING, WE RECOMMEND A BRIEF COOLING DOWN PERIOD FROM THE RECENT FLAP OVER THE SATELLITE GROUND TERMINALS BEFORE MAKING AN APPROACH TO THE GOA (WHICH WOULD BE TO A/DOD) ABOUT A FEASIBILITY STUDY, AND WE BELIEVE WE WOULD NEED SOME PRETTY HEAVY DETAIL ABOUT THE RECENT ESCALATION IN COSTS ATTRIBUTABLE TO US MANNING IN ORDER TO SELL THE GOA ON THE NEED FOR A FEASIBILITY STUDY, LET ALONE THE MERITS OF SUCH A SUBSTANTIAL REDUCTION IN BLUE-SUITERS. WHEN SUCH AN APPROACH IS DECIDED UPON, WE BELIEVE IT IS ALSO ESSENTIAL THAT THE COMMANDER

OF NAVCOMSTA HAROLD E. HOLT BE AUTHORIZED BY HIS HIGHER HEADQUARTERS (COMNAVTELCOM) TO FULLY BRIEF HIS COUNTERPART, RAN COMMANDER KNIFE. THE CREDIBILITY OF US CANDOR AND FORTHCOMINGNESS IS CURRENTLY IN FAIRLY TENUOUS BALANCE, AFTER THE PROBLEM OVER THE SATELLITE RECEIVERS.

8. LET US KNOW WHAT YOU DECIDE ABOUT THE FEASIBILITY STUDY; WE WILL WANT TO PREPARE OURSELVES CAREFULLY WITH ALL AVAILABLE DETAILS BEFORE MAKING AN APPROACH TO A/DOD.
SQUIRE

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